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The Bloom Firm, a Professional Corporation

UNITED STATES BANKRUPTCY COURT

NORTHERN DIVISION OF CALIFORNIA – OAKLAND DIVISION

In re:

MICHA STAR LIBERTY,

Defendant(s).

Case No.: 24-40401 WJL

[Chapter 13]

OMNIBUS DECLARATION OF PAUL P. YOUNG IN SUPPORT OF THE BLOOM FIRM'S: (1) MOTION FOR ORDER DISMISSING DEBTOR'S CHAPTER 13 BANKRUPTCY CASE WITH PREJUDICE; AND (2) MOTION FOR SANCTIONS PURSUANT TO FED. R. BANK. P. 9011

Hearing Date: September 12, 2024

Hearing Time: 1:30 p.m.

Crtrm: 220

U.S. Bankruptcy Court
1300 Clay Street, 2nd Flr.
Oakland, California

Judge: Hon. William J. Lafferty

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1. I am an attorney, duly licensed to practice in the State of California and before this Court. I am an attorney licensed to practice law in the State of California. I am a partner at Chora Young & Manasserian LLP (“CYM”), the counsel for Judgment Creditor The Bloom Firm, A Professional Corporation (“Bloom”).

3. Except where stated upon information and belief, the statements herein are based upon my personal knowledge and my review of the records within my law office. If called to testify, I could and would competently testify hereto.

4. On or about August 23, 2019, Liberty Law Office, Inc. (“LLO”) entered into a Joint Venture Agreement (“JVA”) with Bloom.

6. After Bloom served a demand for arbitration pursuant to the JVA, Michael Star Liberty (“Liberty” or the “Debtor”) and LLO filed a declaratory relief action in Alameda County Superior Court entitled *Liberty, et al. v. Bloom, et al.*, Case No.: HG20079536) (“Underlying Action”).

8. The arbitration panel entered an award requiring LLO to pay Bloom a total of **\$821,400.70** on resolved cases and 50% of the amounts due on delineated cases (in an amount not less than \$491,177.50) that were still unresolved as of the

1 date of the award. The award also required LLO to pay Bloom an additional
2 **\$160,020.00** for arbitration fees.

3 9. On January 28, 2022, the court in the Underlying Action granted
4 Bloom's petition to confirm the arbitration award.

5 10. On September 13, 2022, the Court entered an amended judgment nunc
6 pro tunc, as of March 23, 2022, in the total amount of \$940,998.02, plus interest of
7 \$246.14 for each day after April 4, 2022, until the judgment is entered, in favor of
8 Bloom and against LLO ("Judgment"). In addition, the Judgment required LLO to
9 pay Bloom 50% of fees obtained from several designated cases that had not yet been
10 litigated to a resolution (in an amount not less than \$462,219.50). Attached hereto is
11 a true and correct copy of the Judgment as **Exhibit 1**.

12 11. Liberty appealed the Judgment, which was affirmed by the Court of
13 Appeal, First Appellate District (Case No.: A165269) on February 26, 2024. On
14 March 13, 2024, Liberty petitioned the Court of Appeal for a rehearing. On March
15 20, 2024, the Court of Appeal modified the Opinion, with no change in the Judgment.
16 On the same day, Liberty's petition for rehearing was denied. Attached hereto is a
17 true and correct copy of the Opinion as **Exhibit 2**.

18 12. On October 30, 2023, Bloom filed a (1) Motion to Amend Judgment to
19 Name Micha Star Liberty as Judgment Debtor and (2) Motion to Amend Judgment to
20 Name Liberty Law Incorporated as Judgment Debtor (together as "Motions to
21 Amend"), along with a Proposed Amended Nunc Pro Tunc Judgment in the
22 Underlying Action.

23 13. On January 26, 2024, the court in the Underlying Action granted
24 Bloom's Motions to Amend. Attached hereto is a true and correct copy of the Order
25 granting the Motions to Amend as **Exhibit 3**. Attached hereto is a true and correct
26 copy of the signed Amended Nunc Pro Tunc Judgment as **Exhibit 4**.

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Post-Judgment Discovery and Investigation

14. Since CYM became the attorney of record for Bloom, CYM began to conduct post-judgment discovery and investigation on LLO and Liberty Law Incorporated (“LLI”).

15. I retrieved publicly accessible documents filed with the California Secretary of State, and I personally learned that LLI was formed on December 22, 2022, just approximately three months after the Judgment was entered *nunc pro tunc*. Through the California Secretary of State Business Search, I reviewed LLI’s State of Information, filed on December 29, 2022, and learned that Liberty is the Chief Executive Officer, Chief Financial Officer, Secretary, and sole director of LLI.

16. On August 8, 2023, CYM issued a subpoena duces tecum and caused it to be served on Bank of America, N.A. (“Bank of America”). On August 10, 2023, Bank of America was personally served with the subpoena duces tecum.

17. On September 29, 2023, Bank of America produced over 2003 pages of LLO’s bank account statements and checks. Within the production of documents from Bank of America, a Declaration of a Custodian of Records was included to certify the documents. I reviewed the contents of the documents produced by Bank of America upon receipt. Based on this review, I am readily familiar with all its contents.

18. LLO held a business checking account (ending in x3838), business savings account (ending in x7181), and a client trust account (IOLTA) (ending in x3841).

19. On February 22, 2023, LLO transferred \$2,424,420.64, the entire balance of its IOLTA, to LLI. Subsequently, LLO closed its IOLTA.

20. Through post-judgment discovery of bank records for bank accounts in the name of LLO, Bloom learned that between the time of the Demand for Arbitration to the time Liberty closed LLO’s bank accounts, Liberty regularly used LLO’s business checking account (ending in x3838) to pay for her personal expenses,

1 such as: (1) Vehicle payments/lease expenses to BMW BMWFINANCIAL SVS
2 (“BMW Financial Services”) and MBFS.COM (“Mercedes-Benz Financial
3 Services”), in a grand total amount of at least \$12,865.63; (2) utility bills in a grand
4 total amount of at least \$6,480.75; and (3) residential property tax payments in a
5 grand total amount of at least \$40,321.79.

6 21. On August 8, 2023, CYM issued a subpoena duces tecum and caused it
7 to be served on JPMorgan Chase Bank, N.A. (“Chase”). On August 10, 2023, Chase
8 was personally served with the subpoena duces tecum.

9 22. On August 29, 2023, Chase produced over 243 pages of LLO’s credit
10 card statements. Within the production of documents, a Declaration was included to
11 certify the documents. I reviewed the contents of the documents produced by Chase
12 upon receipt. Based on this review, I am readily familiar with all its contents.

13 23. LLO owned a credit card (ending in x2013). During the same time
14 period of Demand for Arbitration to the time LLO closed its credit card, Liberty also
15 regularly used LLO’s Chase credit card for personal expenses, such as payments for
16 her manicures at Nail Today in a grand total of at least \$1,440.00.

17 24. On October 13, 2023, Bloom filed a complaint for recovery of fraudulent
18 transfers against Liberty, LLO, LLI and Linda Culler, Trustee of the Rising Star Trust
19 dated October 15, 2021, commencing the case entitled *The Bloom Firm v. Liberty, et*
20 *al.* (Case No. 23CV047497), which is currently pending in the Superior Court for the
21 State of California, County of Alameda (the “UVTA Action”).

22 **Order for Appearance and Examination**

23 25. On August 25, 2023, the court in the Underlying Action issued an Order
24 for Appearance and Examination (“ORAP”) of LLO. On October 7, 2023, Liberty,
25 on behalf of LLO, was personally served with the ORAP and a subpoena duces
26 tecum.

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1 26. Joshua Friedman, counsel for LLO, informed me that Liberty would not
2 be able to appear for the ORAP, initially set for November 17, 2023. Mr. Friedman
3 requested for a continuance to hold LLO's ORAP on January 26, 2024. I granted Mr.
4 Friedman's request to continue the ORAP to January 26, 2024.

5 27. On January 26, 2024, I personally appeared before the court in the
6 Underlying Action to conduct Liberty's, on behalf of LLO, ORAP. The ORAP was
7 not concluded on January 26, 2024, and the court ordered the ORAP to be continued
8 to March 1, 2024.

9 28. At 6:03 pm on February 29, 2024, Sarah Little, counsel for Liberty in
10 this bankruptcy matter, informed me that Liberty would not be appearing for the
11 ORAP. Attorney Little gave little to no reason for Liberty's refusal to appear other
12 than that Liberty would be filing for bankruptcy, which would be prepared to file
13 "immediately." Attached hereto is a true and correct copy of the February 29, 2024
14 email chain between me and attorney Little as **Exhibit 5**.

15 29. In a second email from attorney Little on February 29, 2024, Ms. Little
16 states,

17 "Micha will not be operating Liberty Law as a separate entity going
18 forward. While you are correct that her personal bankruptcy will not
19 stay collection against her corporation(s), Liberty Law Inc. is no longer
20 operating and she will proceed to practice law as sole proprietorship. I
21 will not be filing a corporate bankruptcy, as there are no assets to
22 administer."

23 (See **Exhibit 5**.)

24 30. On or around March 13, 2024, Liberty paid \$400,000 to Bloom towards
25 the Judgment.

26 **UVTA Action**

27 31. On March 21, 2024, Bloom filed a notice of motion and motion for
28 appointment of a limited receiver (the "Motion for Limited Receiver") in the UVTA
Action.

1 32. Liberty did not file a voluntary petition for relief under Chapter 13 of
2 Title 11 of the United States Code (the “Petition”) until March 22, 2024. In the
3 Petition, Liberty and her bankruptcy counsel improperly listed LLO and LLI as
4 “dbas” of Liberty despite the fact the Petition form specifically states that
5 corporations are not to be listed as dbas for the debtor.

6 33. That same day, Liberty “*fdba* LLI *fdba* LLO” (the “Debtor”) filed a
7 Notice of Filing Voluntary Petition for Bankruptcy and Stay of Proceedings in the
8 UVTA Action (“UVTA Notice of Stay”). Attached hereto is a true and correct copy
9 of the Notice of Stay filed in the UVTA Action as **Exhibit 6**.

10 34. The Notice of Stay attaches the Petition and states,

11 **PLEASE TAKE NOTICE** that Defendant Micha Star Liberty, *dba*
12 *Liberty Law, fdba Liberty Law, Inc., fdba Liberty Law Office, Inc.*
13 (the “Debtor”) filed a voluntary petition for bankruptcy on March 22,
14 2024. A true and correct copy of the Voluntary Petition for
Bankruptcy is attached hereto as Exhibit A.

15 **PLEASE TAKE FURTHER NOTICE** that pursuant to 11 U.S.C. §
16 362(a), the Debtor’s filing of the Voluntary Petition for Bankruptcy
operates as a stay, applicable to *all entities*, of, among, other things:
17 (a) the commencement or continuation of all judicial, administrative,
18 or other actions or proceedings against the Debtor (i) that were or
could have been commenced before the commencement of the
19 Debtor’s case or (ii) to recover any claims against the Debtor that
arose before the commencement of the Debtor’s cases; (b) the
20 enforcement, against the Debtor or against any property of the
Debtor’s bankruptcy estates, of a judgment obtained before the
21 commencement of the Debtor’s cases; or (c) any act to obtain
22 possession of property of or from the Debtor’s bankruptcy estate, or
23 to exercise control over property of the Debtor’s bankruptcy estate.

24 (Emphasis added.)

25 35. In response to the improper Notice of Stay, on March 26, 2024, Bloom
26 filed the Notice the Proceedings are Not Stayed as to Non-Debtors (the “Notice re
27 Non-Debtors”) in the UVTA Action, asserting that the stay does not apply to non-
28 debtors LLO and LLI.

36. On March 23, 2024, Liberty filed a Notice of Stay of Proceedings in the Underlying Action, which also falsely claims that “the [Underlying Action] is stayed...with regard to all parties.” In response to Debtor’s Notice of Stay of Proceedings in the Underlying Action, Bloom filed a similar Notice re Non-Debtors on March 26, 2024.

37. On April 25, 2024, Liberty filed an Amended Notice of Stay, which mirrored the language used in the Notice of Stay filed in the UVTa action and making the same false statements concerning the stay.

Calculation of the Judgment

38. On April 25, 2024, via an email from her counsel, Sarah Little, I was provided with a declaration executed by Debtor detailing the amount of attorney's fees awarded to her in the Unresolved Cases pursuant to the Judgment. This declaration placed Bloom's claim amount is **\$1,676,971.60**, which is significantly higher than the scheduled amount of the claim.

39. Upon my review, I discovered that Liberty's calculations were inaccurate, as the calculations did not include accurate interest and allowances for the costs added via memorandum of costs after judgment filed in the Underlying Action. Despite the inaccuracy, I informed Ms. Little via email on that date that the newly provided calculations alone put the Debtor over the debt limits for a Chapter 13 bankruptcy case.

40. On May 10, 2024, I was provided with an amended calculation from Ms. Little for the attorney's fees awarded in the Unresolved Cases pursuant to the Judgment. The Debtor's amended calculation stated that The Bloom Firm current claim amount was **\$1,867,332.92** as of the petition date, which is nearly **\$400,000** more than the scheduled amount of the claim. However, the amount was still inaccurate, as the claim amount should have been a minimum of **\$1,870,120.85**.

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41. On May 23, 2024, counsel for Bloom and Liberty entered into a stipulation for protective order (“Protective Order”), pertaining to the attorney’s fees award amounts in the Unresolved Cases. (See Dkt. 42.)

42. On May 28, 2024, this Court entered an Order approving the stipulation.
(See Dkt. 43.)

43. To prevent violating the Protective Order, Bloom will only submit a copy of Liberty's declaration and amended calculation of the attorney's fees award for an in-camera review should the Court deem necessary.

44. On May 2, 2024 at 5:08 p.m., I emailed Ms. Little to inform her that Liberty is likely to be over the debt limit for a Chapter 13 bankruptcy case.

45. On May 3, 2024 at 1:23 p.m., Ms. Little responded to my email, acknowledging that I informed her that Libert exceeded the debt limit and conversion may be necessary, but did not concede. She further requested a call between our offices and a memorandum of costs from my office, which was later provided to her.

46. Attached hereto is a true and correct copy of the May 2-3, 2024 email chain as **Exhibit 7**.

47. Based upon the method of calculation, Bloom calculates their actual current claim to be valued at a minimum of **\$1,870,120.85** and as much as (approximately) \$2.2 million dependent on the interpretation of the JVA, the Judgment and/or other documents to be determined in the bankruptcy court or subsequently in a non-bankruptcy forum. In any regard, Liberty is certainly over the debt limit for a Chapter 13 case.

Reasonable Attorney's Fees

48. While I substantially assisted in the preparation of the Motion for Sanctions Pursuant to Fed. R. Bankr. P. 9011, I do not seek fees for my personal service.

I declare under the penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

1 Executed this 1st Day of August 2024 at Pasadena, California.

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3 /s/ Paul P. Young

4 Paul P. Young
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CERTIFICATE OF SERVICE

I am at least 18 years of age and not a party to the action; my business address is:
650 Sierra Madre Villa Ave., Suite 304, Pasadena, CA 91107.

On August 1, 2024, I served the interested parties with the document described as follows: **OMNIBUS DECLARATION OF PAUL P. YOUNG IN SUPPORT OF THE BLOOM FIRM'S: (1) MOTION FOR ORDER DISMISSING DEBTOR'S CHAPTER 13 BANKRUPTCY CASE WITH PREJUDICE; AND (2) MOTION FOR SANCTIONS PURSUANT TO FED. R. BANK. P. 9011**

1. BY NEF: Service was accomplished through the Notice of Electronic Filing ("NEF") for parties and counsel who are registered ECF Users and identified below:

- **Jenelle C. Arnold on behalf of Creditor PNC Bank, N.A.:**
ecfcanb@aldridgepite.com, jarnold@ecf.inforuptcy.com
- **Martha G. Bronitsky:** 13trustee@oak13.com
- **Sarah Lampi Little on behalf of Debtor Micha Star Liberty:**
sarah@kornfieldlaw.com
- **Office of the U.S. Trustee/Oak:** USTPRegion17.OA.ECF@usdoj.gov
- **Jennifer C. Wong on behalf of Creditor CitiMortgage, Inc.:**
bknotice@mccarthyholthus.com, jwong@ecf.courtdrive.com
- **Paul Young on behalf of Creditor The Bloom Firm, a Professional Corporation:** paul@cym.law, jaclyn@cym.law
- **Kevin Ronk on behalf of Creditor The Bloom Firm, a Professional Corporation:** Kevin@portilloronk.com, ronk.kc@gmail.com
- **Nikko S. Stevens on behalf of Creditor The Bloom Firm, a Professional Corporation:** nikko@cym.law
- **Cheryl Skigin on behalf of Creditor BMW Bank of North America:**
caskigin@earthlink.net

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1 I declare under penalty of perjury under the laws of the United States of America
2 that the foregoing is true and correct.

3 Executed on August 1, 2024 at Pasadena, California.

4 /s/ Jaclyn Poon

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